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The Honorable Denise L. Cote
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September 20, 2024

**Re: *Hamilton Reserve Bank Ltd. v. The Democratic Socialist Republic of Sri Lanka*,
No. 22 Civ. 5199 (DLC)**

Your Honor:

We write on behalf of the Defendant The Democratic Socialist Republic of Sri Lanka ("Sri Lanka") to provide an update on the status of its debt restructuring process. We are happy to report that, on September 19, 2024, Sri Lanka and the ad hoc committee of international bondholders, along with Sri Lanka's local bondholders, reached an agreement in principle (the "Agreement") on the core financial terms of a debt restructuring. The Agreement and its negotiation process is described in more detail in a Singapore Exchange press release.¹

The Agreement reflects substantial input from the staff of the International Monetary Fund ("IMF") and the Official Creditor Committee ("OCC") secretariat. Sri Lanka already has received informal confirmation from IMF staff, and expects formal confirmation soon, that the Agreement is consistent with the parameters of the IMF-supported program. Sri Lanka also hopes to receive confirmation soon from the OCC and its secretariat that the Agreement is consistent with the comparability of treatment principle. With this Agreement—along with just completed agreements in principle with Sri Lanka's local bondholders and the China Development Bank (also

¹ The Singapore Exchange press release is available here:
https://links.sgx.com/FileOpen/Sri%20Lanka%20-%20Announcement%20of%20Agreement%20in%20Principle%20-%2019_09_2024.ashx?App=Announcement&FileID=819175.

A London Stock Exchange press release is available here:
<https://www.londonstockexchange.com/news-article/70ZL/announcement-of-agreement-in-principle/16674142>.

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described in the Singapore Exchange press release)—the overall negotiations required to restructure Sri Lanka's debt are nearly complete.

Some additional steps are necessary to implement the Agreement reached with the ad hoc group committee of bondholders before the actual restructuring can take place. In particular, the restructuring will take place through an exchange offer and consent solicitation. Sri Lanka has already begun moving to the legal documentation process, and Sri Lanka expects to work diligently with the bondholders to agree on definitive legal documentation concerning the new securities and the structure of the exchange offer and consent solicitation.

It is currently estimated that it will take approximately 8 weeks from today to launch the exchange offer and consent solicitation relating to Sri Lanka's sovereign bonds. This anticipated schedule is generally consistent with the timeline in other recent sovereign debt restructurings. For instance, from the time that a final agreement in principle was reached to the time an exchange offer was launched, it took Ghana 74 days,² Suriname 174 days,³ and Zambia 50 days.⁴

Therefore, in the circumstances, Sri Lanka wishes to clarify its position that the requested 4-month stay of proceedings (*see* Doc. 106) is still very much necessary to facilitate the implementation of the agreements in principle reached on September 19, 2024. We are happy to provide the Court with any other information that may be helpful.

Respectfully submitted,

s/ Robert G. Houck

Robert G. Houck

² For Ghana, the agreement in principle was reached on June 24, 2024 (*see* https://www.mofep.gov.gh/sites/default/files/news/GOG-Cleansing-Draft_v2.pdf), and the exchange offer was launched on September 5, 2024 (*see* <https://data.fca.org.uk/artefacts/NSM/RNS/5337032.html>).

³ For Suriname, the agreement in principle was reached on May 3, 2023 (*see* <https://sdmo.org/documenten/nieuws/Agreement%20in%20Principle%20with%20Bondholders.pdf>), and the exchange was launched on October 23, 2023 (*see* <https://www.luxse.com/pdf-viewer/103856497>).

⁴ For Zambia, a revised agreement in principle (following a round of further negotiation) was reached on March 25, 2024 (*see* <https://data.fca.org.uk/artefacts/NSM/RNS/5118366.html>), and the exchange offer was launched on May 13, 2024 (*see* <https://data.fca.org.uk/artefacts/NSM/RNS/5180553.html>).